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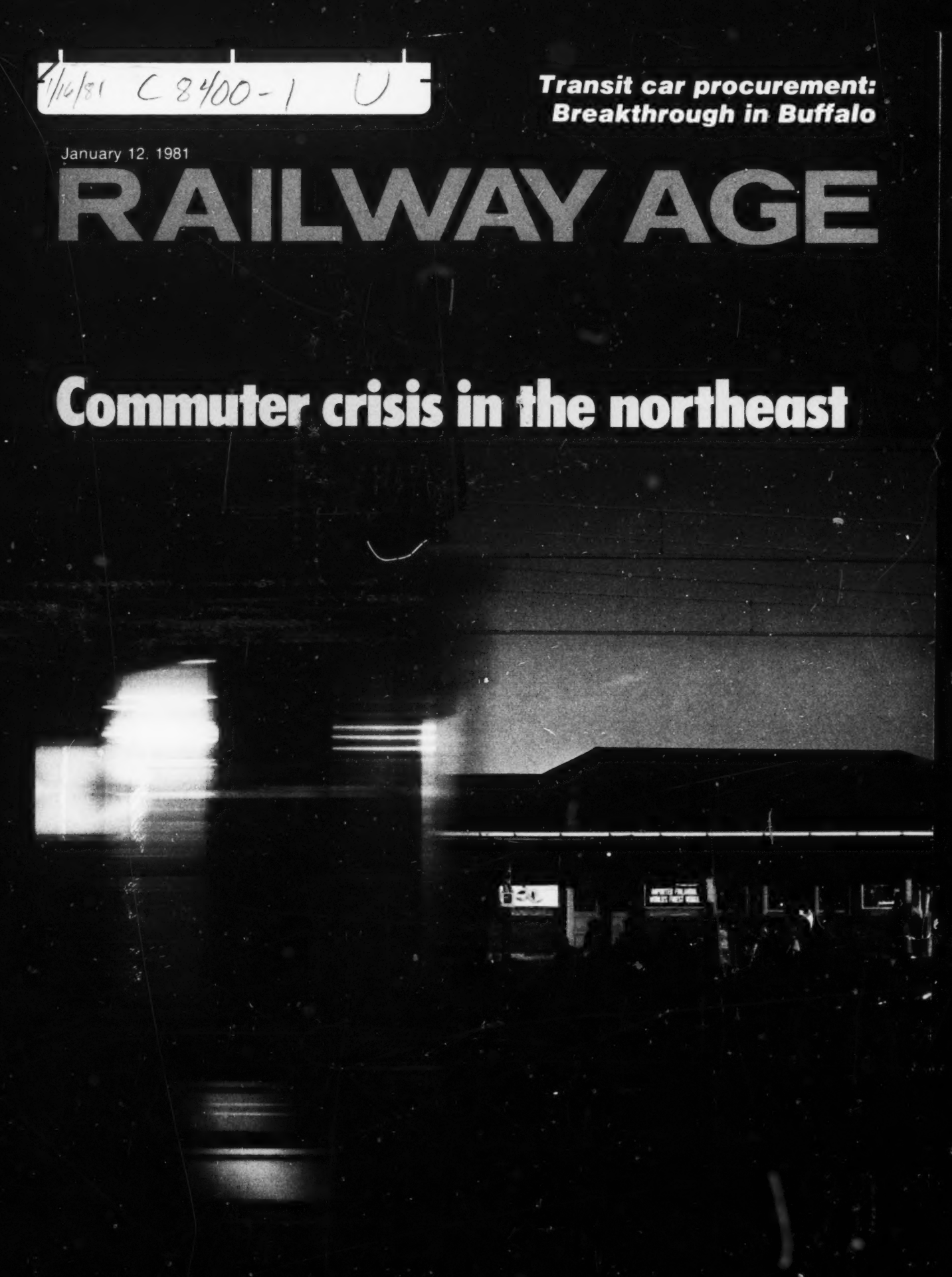
Transit car procurement: Breakthrough in Buffalo

January 12, 1981

RAILWAY AGE

Commuter crisis in the northeast



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Inside

LUTHER S. MILLER

THE YEAR OF REAGAN

Mrs. Nancy Reagan is reputed to be a wise and well-informed woman who exercises considerable influence over the President-elect. When Mrs. Reagan talks, people listen. A Chicago reporter was listening when Mrs. Reagan was asked, during the campaign, what she thought of Tennessee Tombigbee. "I don't know Mr. Bigbee," she replied. Well, nobody knows everything.

Now that they are on their way to the White House, the Reagans presumably know more about a lot of things than they knew before. The President-elect appointed a number of task forces to delve into policy issues and come up with recommendations for the new administration. The transportation task force was headed by former DOT Secretary Claude S. Brinegar. Mr. Brinegar, a California oilman, did not distinguish himself as a friend of public transportation during his short stay at the DOT; the recommendations of his task force do nothing to tarnish that reputation. They call for, among other things, the dismemberment of Conrail; amputation of most money-losing Amtrak routes; and deep cuts in federal spending for public transit.

There is, to be sure, much fat in current federal programs for transportation, and expert surgery is called for. Railroad and transit people can only hope that the new conservatives in Washington do not become so excited in their pursuit of spending cuts that they forget that there's a difference between surgery and butchery.

Nobody knows, of course, what Mr. Reagan will do about transportation or anything else. What we do know is that he is not a man who is easily stampeded, either to the right or the left. We also know his choice for Transportation Secretary, and it appears to be an uncommonly wise one. Andrew L. (Drew) Lewis, Jr., will bring to the DOT more experience in transportation than any other man who has held that office. A management consultant who, according to the *Philadelphia Inquirer*, "specializes in rescuing financially ailing businesses," Mr. Lewis has served as a trustee of the Reading Railroad and its successor, the Reading Co., since 1971. He once said he learned all he knew about railroading from the late Charlie Bertrand, president of the Reading. He could not have had a better teacher. And in our opinion, the U.S. DOT—one of Washington's perennially "financially ailing businesses"—could not have a better man in charge during a time when so many difficult policy decisions must be made.

Franklyn K. Lauden, 1919-1980

Franklyn K. Lauden, managing editor of *Railway Age*, died of a heart attack Dec. 16 at his home in Bronxville, N.Y. He was 61 years old.

While Frank's byline rarely appeared in *Railway Age*, each issue carried the stamp of his meticulous craftsmanship. His job was to guide manuscripts on their journey to the printed page; he did so with consummate skill, exorcising many a solecism and straightening many a wobbly sentence along the way.

Born in Cleveland, Ohio, Jan. 8, 1919, Frank was graduated from the University of Ohio with a B.S. degree in journalism in 1940. He worked as a reporter for the Cleveland Plain Dealer, as assistant editor of *Science Illustrated*, and as chief editor of *Nature & Science* before joining Simmons-Boardman in 1974 as an associate editor of *Banking* (now *ABA Banking Journal*). He came to work for *Railway Age* the following year.

RAILWAY AGE

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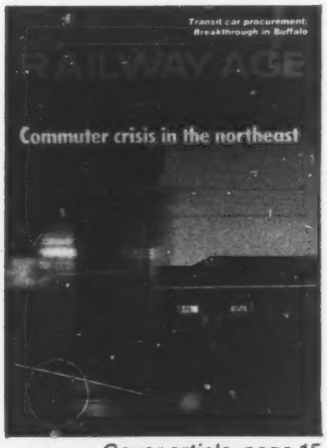
FEATURES



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Passenger trains may be in for a bumpy ride as a new, economy-minded administration comes to power. Amtrak is likely to feel the pinch first: Transit funding is safe through fiscal '81; after that, the outlook is cloudy.

18 Commuter crisis in the Northeast
Conrail may soon have to unload its commuter business, and the city and state agencies that now have contracts with the railroad are scurrying around for a successor. Amtrak is a likely though not entirely satisfactory answer.

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Instead of delivering a rigid set of specifications to builders, Buffalo issued broad criteria and then let the builders do the specs. As a result, the price bids came in within a comparatively narrow range.

28 A little bit of Italy comes to Cleveland
In December, the first of 48 new Italian-designed light rail vehicles was formally introduced. GE is assembling the cars in Cleveland.

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As railroads strive to improve the line-haul, suppliers are working hard to improve the loading/unloading part of the car cycle.

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Former Federal Railroad Administrator A. Scheffer Lang argues that if the railroads can't justify electrification, then neither can the feds.

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COVER: New York-bound commuters at Princeton Junction, N.J. Photo by Roy Blanchard.

Moving people

Big cuts in federal funding?

Passenger-train advocates greeted the new year with a bad case of the Reagan jitters. The new administration is committed to domestic-program spending cuts—and for starters, a transportation task force, headed by former DOT Secretary Claude Brinegar, has recommended deep cuts in the federal aid that has helped keep intercity, commuter, and transit trains running.

Amtrak had the dubious distinction of being first on the list of cuts drawn up by the people advising President-elect Reagan on transportation. It was going to be a crucial year for Amtrak anyway, what with the need for new funding authority and a decision on developing new corridors; the arrival of a fairly hostile administration and the departure of some key friends in Congress may turn 1981 into the fight of Amtrak's political life.

Amtrak faces the fight of its life as a hostile administration comes to power.

● An enemy at OMB? Amtrak's plight is exemplified by the appointment of David Stockman as head of the Office of Management and Budget, where he will hold a knife over Amtrak's budget through the Department of Transportation. The Detroit-Chicago Amtrak route runs through the district that Stockman served in Congress until his appointment. Last year Rep. Stockman was the only affected member of the Michigan delegation to Congress who refused to sign a letter endorsing that route as an emerging corridor.

Some Amtrak routes are probably doomed anyway. In 1979 Congress gave these routes one last chance, with Sept. 30, 1981, the deadline for meeting certain performance criteria: long distance trains had to achieve at least 150 passenger miles per train mile and not run up an avoidable loss of more than seven cents per passenger mile. Three trains are thereby endangered: the InterAmerican (Chicago-Texas), the Pioneer (Salt Lake City-Seattle), and the Cardinal (Washington-Chicago).

Route changes on those three are being studied in an effort to save them. On other long-haul routes, the introduction of Superliner equipment has resulted in healthy ridership increases. A case in point is the Empire Builder, which carried 140 pm/tm and lost ten cents per pm a year ago. Now it's carrying 212 pm/tm and has cut its loss to four cents per pm.

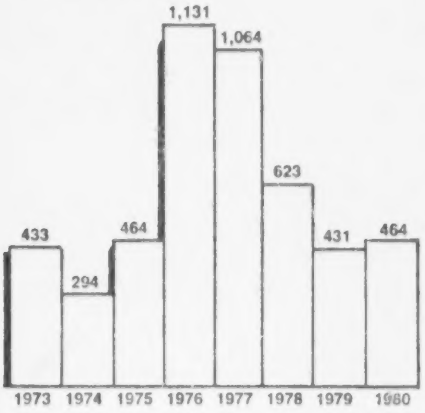
But the rules of the game may be changed again in the new Congress. Ironically, the new pressure from without comes at a time of growing optimism within, where President Alan S. Boyd has worked particularly to assure equipment manufacturers of a long-term demand for new cars.

● Equipment funds needed. Amtrak has finally been getting its equipment lined up. The last of the old steam cars left Chicago in December 1980, replaced by refurbished head-end-power cars. The steam cars are now mostly second-stringers. Superliners will continue arriving until 1982, and an order of 150 Amfleet-2 cars for use on long-distance trains should begin to arrive from Budd in August 1981. And this year Amtrak wants to order the first 200 of what could eventually be an order of 1,000 cars of a new design, the "next generation" of low level cars. In 1979 Congress granted Amtrak several years of capital authorization to provide manufacturers with assured business levels; Amtrak says it needs another multiple-year authorization now.

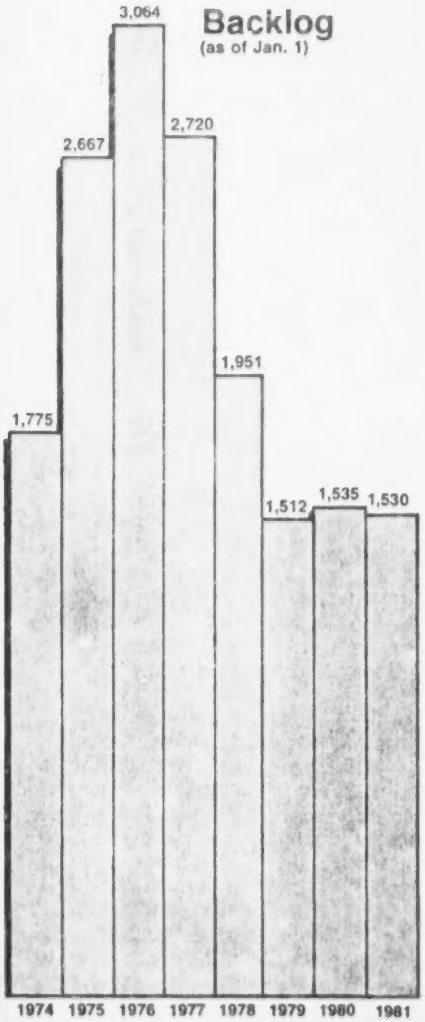
Congress is scheduled to take up another passenger train bill in 1981, deciding whether to develop short-distance corridors outside the Northeast Corridor. Though the initial ranking of "emerging corridor" prospects stirred considerable disagreement among state agencies eager to see funding for their own routes, those states may now be forced to lower their expectations. On the other hand, if the Reagan administration or Congress make wholesale cuts in long-distance service, the case might be strengthened for funding improvements over short-distance

Passenger car market at a glance

Deliveries



Backlog
(as of Jan. 1)



These cars were delivered in 1980:

Purchaser	No. of Cars	Type	Builder
Amtrak	134	Intercity	Pullman Standard
Atlanta (MARTA)	38	Rapid Transit	Societe Franco-Belge
Boston (MBTA)	47	Rapid Transit	Hawker-Siddeley
	7	Commuter	Pullman Standard
Calgary	27	Light Rail	Siemens-DuWag
Chicago (RTA)	55	Commuter	Budd
Connecticut (CDOT)	13	Commuter (self-propelled)	Budd
Edmonton	3	Light Rail	Siemens-DuWag
Philadelphia-Camden (PATCO)	42	Rapid Transit	Canadian Vickers
Philadelphia (SEPTA)	2	Light Rail (prototype)	Nissho-Iwai (Kawasaki)
San Diego (MTDB)	14	Light Rail	Siemens-DuWag
San Francisco (Muni)	30	Light Rail	Boeing Vertol
Toronto (TTC)	52	Light Rail	Hawker-Siddeley
Total	464		

Work goes forward on this undelivered backlog:

Purchaser	No. of Cars	Type	Builder
Amtrak	150	Intercity	Budd
	83	Intercity	Pullman Standard
Atlanta (MARTA)	34	Rapid Transit	Societe Franco-Belge
Baltimore (MdMTA)	72	Rapid Transit	Budd
Buffalo (NFTA)	33	Light Rail	Tokyu Car
Chicago (CTA)	300	Rapid Transit	Budd
Chicago-Northern Indiana (RTA-NITA-CSS&SB)	36	Commuter (self-propelled)	Sumitomo
Cleveland (GCRTA)	48	Light Rail	Breda
Miami-Dade County (MDCTA)	136	Rapid Transit	Budd
New Jersey (NJDOT)	117	Commuter	Bombardier
Philadelphia-Camden (PATCO)	4	Rapid Transit	Canadian Vickers
Philadelphia (SEPTA)	139	Light Rail	Nissho-Iwai (Kawasaki)
	125	Rapid Transit	Nissho-Iwai (Kawasaki)
Pittsburgh (PAT)	10	Commuter-rebuilt	General Electric
San Diego (MTDB)	10	Light Rail	Siemens-DuWag
Toronto (TTC)	89	Light Rail	Hawker-Siddeley
Via Rail Canada	50	Intercity	Bombardier
Washington (WMATA)	94	Rapid Transit	Breda
Total	1,530		

These orders are likely to develop in 1981:

Purchaser	No. of Cars	Type
Amtrak	19	M-u
Atlanta (MARTA)	30-50	Rapid Transit
Baltimore MdMTA	28	Rapid Transit
Boston (MBTA)	50-100	Light Rail
Chicago (CTA)	300	Rapid Transit
Cleveland (GCRTA)	60	Rapid Transit
Detroit (SEMTA)	7	Commuter-rebuilt
Edmonton	20	Light Rail
New York (MTA-Conrail)	60	Commuter
New York (MTA-LIRR)	70	Commuter
Pittsburgh (PAT)	55	Light Rail
San Francisco (BART)	90	Rapid Transit
Total	789-859	

The five year (1982-1987) outlook:

Purchaser	No. of Cars	Type
Amtrak	0-100	Intercity
Atlanta (MARTA)	110-130	Rapid Transit
Boston (MBTA)	32-93	Commuter (converted RDC's)
Calgary	30-60	Light Rail
Chicago (RTA)	76-151	Commuter
Detroit (SEMTA)	25-40	Commuter
Edmonton	0-40	Light Rail
Honolulu	200	Rapid Transit
Los Angeles (SCRTD)	120-132	Rapid Transit
Montreal (MUCTC)	0-100	Rapid Transit/Commuter
New Jersey (NJDOT)	50-60	Commuter (self-propelled)
New York (MTA-NYCTA)	1200	Rapid Transit
New York (MTA-Conrail)	0-72	Commuter
New York (MTA-LIRR)	0-150	Commuter
Philadelphia (SEPTA)	0-96	Light Rail
	0-70	Commuter
Pittsburgh (PAT)	55	Light Rail
San Diego (MTDB)	15-20	Light Rail
San Francisco (BART)	90-155	Rapid Transit
San Francisco (Muni)	25-100	Trolley
	15	Light Rail
San Juan Transit	100	Rapid Transit
Toronto (TTC)	103-121	Light Rail
Toronto (GO Transit)	70	Commuter
Washington (WMATA)	350	Rapid Transit
Total	2,666-3,680	

corridors with good ridership potential. Amtrak itself has gone from state to state drumming up support for the corridors, but expects to take a low profile during the debate in Congress.

All these issues—the emerging corridors, future capital funding, the fate of the long-distance trains—may be joined together with Amtrak's request for operating funds for fy 1982 and 1983. In the meantime Amtrak will need supplemental funding to get through 1981. A $72.5 million supplemental appropriation (less than the $90.0 million Amtrak requested) nearly passed Congress in December but disappeared when the last-minute "Christmas tree" funding bill was shorn of most of its ornaments.

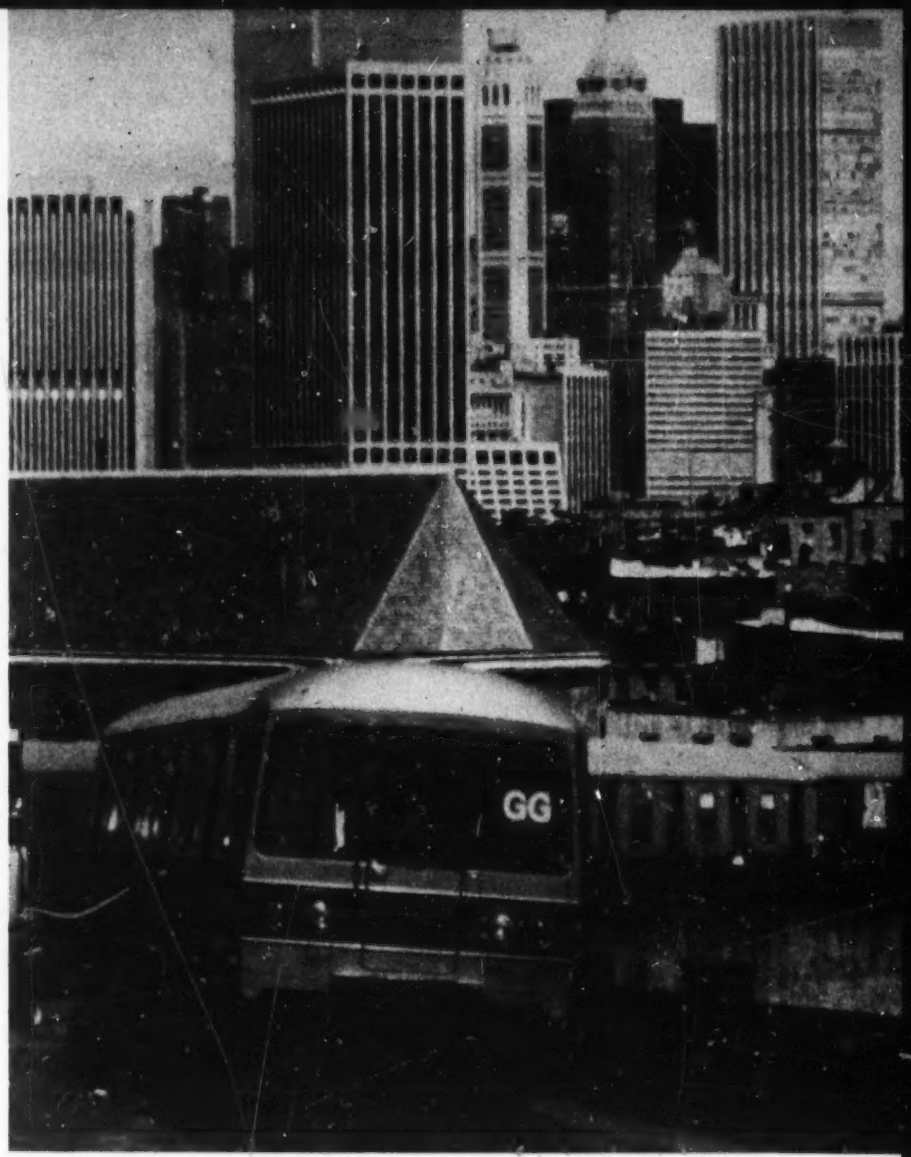
Congress and the DOT will attract most of Amtrak's attention in 1981 but the railroads will get some, too, as operating contracts are renewed. In exchange for a higher incentive payment potential, Amtrak wants to be able to measure on-time performance at intermediate stops along the route, not just at the end point. Amtrak says too many railroads have put all the scheduling slack at the end of a route, allowing trains to run late all the way and still arrive "on-time" under the existing contract's definition.

● **Washington in transit.** The transit funding picture is similarly clouded by the new conservatism.

A variety of complex side issues—handicapped access, Buy America requirements, a new subsidy distribution formula—was finally resolved late in 1980 after more than a year of debate. In the end it was simply the big dollar figure, including the add-on from the windfall profits tax on oil, that spelled doom for 1980's five-year authorization bill for mass transit.

Calling the $25.5 billion bill a last-gasp attempt by Democrats to raid the treasury, conservative Republicans kept the bill from the floor of a friendly Senate and brought an end to the campaign that began in 1979 when President Carter called for a $50 billion commitment of federal and local funds to mass transit over the next ten years.

Transit advocates adopted the tone of the new Washington as they picked up the pieces and prepared to start over with the new Congress. "I think it was simply a feeling that the new administration should be able to put its stamp on the legislation," said Jack Gilstrap, executive vice president of the American Public Transit Association. "There's a high priority here in Washington on reducing federal expenditures, for good reason. But I think there's a very keen awareness in the business community of the importance of mass transit to urban areas. Even as business-oriented and conservative as the new administration may be, it's aware that transit cannot be one of those services cut back if we're going to build jobs for our economy."



Transit funding for fiscal 1981 is substantial and safe—but lean years may lie ahead.

While the rhetoric may henceforth emphasize economic rather than social benefits, the bill that comes before the new Congress will no doubt contain many of the laboriously developed compromises that were in the final 1980 bill. But the eventual commitment of federal funds to mass transit may not be as great, now that it will be hard to make even rhetorical use of the windfall profits tax, which is generally frowned upon by conservatives.

In addition to boosting transit spending by 75%, the final 1980 bill had retained the 50% American-built requirement for transit equipment purchased under the Buy America provision, but raised from 10% to 15% the add-on penalty for foreign bids. It allowed cities to substitute local options for the controversial federal access requirements for handicapped persons. Some funds were guaranteed through 1990 to allow long-range planning for construction of rail transit systems. Operating assistance would have been funded on the basis of revenue-vehicle miles, though the final compromise offered a year of transition from the old population-based formula.

"I think the new formula will go," said Gilstrap, again echoing conservative themes. "It puts the money where service is provided, it emphasizes local responsibility and accountability, and encourages efforts to improve productivity."

In the meantime, funding for fiscal 1981 is safe. It is even substantial. On top of the authorization provided through 1982 by the Surface Transportation Act of 1978, Congress appropriated additional funds for this year in anticipation of passage of the five-year bill. Now the five-year bill is dead but the one-year boost lives on, with a $2.19 billion Section 3 for capital grants, up from $1.38 billion in 1980.

That may be the only windfall profits tax money that the transit industry ever sees. ■

Market

CARLOADINGS

Loadings of revenue freight in the week ended Dec. 20, 1980, totaled 444,258 cars, according to the Association of American Railroads. This was a decrease of 15,288 cars, or 3.3%, compared with the corresponding week of 1979. Ton-miles generated by carloadings in the week ended Dec. 20 are estimated at 18.4 billion, a decrease of 0.6% below the corresponding week of 1979.

REVENUE FREIGHT CARLOADINGS

Commodity	Dec. 20 week	Dec. 13 week
Grain	31,170	28,423
Farm products	5,303	6,160
Metallic ores	30,037	34,355
Coal	121,733	123,075
Crushed stone, gravel & sand	10,119	11,947
Nonmetallic minerals	12,966	14,280
Grain mill products	16,562	17,010
Food and kindred products	16,031	17,092
Primary forest products	19,254	19,920
Lumber & wood products (except furniture)	8,978	8,968
Pulp, paper & allied products	20,440	20,811
Chemicals & allied products	29,269	29,939
Petroleum products	5,501	5,757
Stone, clay & glass products	13,654	15,058
Coke	5,623	5,569
Metals & products	15,409	15,870
Motor vehicles & equipment	15,057	20,241
Waste & scrap materials	13,639	14,073
Forwarder & shipping assn. traffic	10,723	10,762
All other carloads	42,530	42,237
LCL traffic	258	311
Total cars loaded	**444,258**	**461,758**
Cumulative total, 51 weeks	1980 22,312,007	1979 23,585,656
Estimated revenue ton-miles (billions), 51 weeks	**902.5**	**901.5**

PIGGYBACK LOADINGS

U.S. piggyback loadings for the week ended Dec. 13, 1980, totaled 33,944 cars (8.1% below the corresponding 1979 week) and 61,391 trailers or containers (down 7.2% from 1979). Cumulative volume for the first 50 weeks of 1980 is 1,605,441 cars (down 10.8% from 1979) and 2,914,759 trailers or containers (down 8.2% from 1979).

CANADIAN CARLOADINGS

Canadian railway revenue freight loaded in the nine-day period ended Nov. 30, 1980, totaled 5.8 million tons (down 17.5 from 1979). Cars loaded totaled 85,914 (down 16.5% from 1979). Cumulative loadings for 1980 were up to 3.5 million tons (down 2.3% from 1979).

• *Norfolk & Western.*—NW's $131.1-million capital budget for 1981 (which is down from $148.7 million in 1980) includes the following major items: Purchase of six new six-axle, 3,600-hp diesel-electric units for $5.4 million; construction of 347 gondola cars in the Roanoke shops at a cost of $11.9 million, followed by construction of 853 open-top hoppers costing $29.6 million; upgrading of NW's 66-mile line between Muncie and Fort Wayne, Ind.; construction of a new yard and related facilities at Wentzville, Mo., where General Motors is building a new assembly plant; modernization of the steam plant in the Roanoke shops; preliminary design work for a new locomotive maintenance facility at Roanoke. NW's 1981 m/w program includes installation of 343 miles of welded rail and installation of 900,000 crossties.

• *SCL Industries.*—Capital expenditures in 1981 will be in the range of $400 million, down from an estimated $473 million in 1980. A detailed program for 1981 has not been announced. In 1980, major acquisitions were 173 new and rebuilt locomotives and 7,300 new and rebuilt freight cars.

• *Soo Line.*—Equipment program for 1981 includes 10 locomotives and 245 freight cars, to be acquired at an estimated cost of $18.7 million. In 1980, Soo spent $30 million for 20 locomotives and 624 freight cars.

• *Kowloon Canton Railway (Hong Kong).*—Awarded an $8-million contract to Cubic Corp. for a computerized automatic revenue collection system. Cubic is to produce 100 gates, 70 ticket vending machines, 60 ticket office machines, and management computers for the railway, which runs from Kowloon to the border of China, 20 miles. Cubic earlier won a $38-million contract to develop a fare collection system for the new Hong Kong rapid transit system.

• *Lithcote Co.*—A $1-million expansion program now under way will double the lining capabilities of Lithcote's car lining and repair shop at Muscatine, Iowa. The expanded shop, says Dennis Kircher, vice president and general manager of Lithcote, will be able to line 1,400 cars a year.

• *National Railways of Mexico.*—Will use proceeds of a $150-million World Bank loan to help finance a $1.5-billion 1981-1983 rehabilitation program. The loan will be used toward procurement of 90,000 tons of rail, 504 new freight cars, 7,000 sets of freight-car components, 8,000 sets of axles and roller bearings, and technical consulting services.